Supreme Court, U.S.
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No. 00-1291

In the Supreme Court of the United States

ARCHER-DANIELS-MIDLAND COMPANY,
Petitioner,

v.

AJINOMOTO COMPANY, INC.,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Did the district court and Court of Appeals for the Federal Circuit clearly err in holding that Ajinomoto had standing to sue for infringement of a U.S. patent where the record before the district court included the exclusive license agreement from Licensintorg to Ajinomoto, the assignment of this agreement to Genetika, the assignment of the patent from Genetika to Ajinomoto, and the assignment of the patent by the inventors to Ajinomoto?

2. Did the district court abuse its discretion in denying petitioner's motion to amend a judgment under Fed. R. Civ. P. 59(e) for patent infringement damages under 35 U.S.C. § 284 based on petitioner's own interrogatory responses, pre-trial stipulations and evidence presented at trial that petitioner was using the infringing strain to produce threonine?

LIST OF PARTIES

The names of all parties appear in the caption of this opposition to the petition for a writ of certiorari.

CORPORATE DISCLOSURE STATEMENT

Respondent Ajinomoto Company is a publicly held corporation. It has no parent company or publicly held company that owns ten percent or more of its stock.

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Respondent Ajinomoto Company, Inc. ("Ajinomoto") opposes the petition for writ of certiorari filed by petitioner, Archer-Daniels-Midland Company ("ADM").

STATEMENT OF THE CASE

A. The `765 Patent

This case concerns U.S. patent 4,278,765 ("the `765 patent") involving the creation of genetically engineered bacterial strains that can produce the amino acid threonine in increased quantities. The resulting amino acids are valuable to the agriculture industry as feed additives. A. 29a-30a.

The invention that is the subject of the `765 patent was the work of 14 scientists at the Institute for Genetic Engineering and Industrial Microbiology ("Genetika") in the former Soviet Union. A. 33a. Based on their pioneering work, on June 30, 1978, the Genetika researchers filed a Soviet patent application, called an Inventors' Certificate, directed to a method of producing bacterial strains capable of over-expressing amino acids. A corresponding United States patent application was filed on June 28, 1979 and issued as the `765 patent on July 14, 1981.[1] A. 35a.

The patented method is based upon mutation genetics and recombinant DNA technology. A. 33a. The `765 patent specifically discloses methods for producing bacteria capable

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[1] Contrary to ADM's assertion that the inventors' signatures on the patent application were falsified (Pet. at 5), the district court found as a matter of fact that one of the inventors testified that his signature was placed on the document with his permission by an employee in Genetika's patent department. A. 36a.

of overproducing the amino acid threonine. A. 57a. *See* A. 44a-45a (claims 1 and 2). The patent describes and claims the modification of bacteria in order to block both the regulatory mechanism that limits amino acid production and the degradation pathway for the amino acid that is produced, leading to bacterial overproduction of the amino acid. That is, each bacterium produces more of the amino acid than it needs, and does not metabolize the excess amino acid that it produces. When conducted on a suitably large scale, commercial quantities of amino acid are obtained. A.43a-44a.

The `765 patent describes a strain of *E. coli* bacteria that normally produces and consumes threonine. This strain was mutated to a strain that was "feedback resistant" to the production of threonine; that is, a strain that did not limit the amount of threonine produced to what was needed for the bacterial metabolism. From this strain, using recombinant DNA technology, the inventors isolated a chromosomal DNA fragment containing the mutated gene controlling the synthesis of threonine. This chromosome fragment (called a threonine "operon") was then combined with a plasmid[2] that had been found to be suitable for inserting this genetic material into a host bacterium, to produce a "hybrid plasmid." The hybrid plasmid was then inserted into a "recipient" changed or mutated host bacterial strain that was modified to have two characteristics: it was incapable of producing the desired amino acid before insertion of the hybrid plasmid, and it contained a mutation that partly blocked its natural mechanisms for degrading the desired

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[2] A "plasmid" is a DNA molecule that can act as a carrier of specified DNA inside a cell, and that replicates independently of the chromosome DNA of the cell. A.3a n.3.

amino acid. The new bacterial strain thus formed, when placed in an appropriate medium, produced an excess of the desired amino acid. A.45a-46a.

B. Ajinomoto's Ownership of The `765 Patent

When the `765 patent issued in 1981, all rights belonged to the former Soviet government. A. 88a. On July 21, 1982, Ajinomoto entered into a license agreement for the rights for the `765 patent. A. 72a; PX 3. The agreement was between Ajinomoto and Licensintorg, the agency with licensing responsibilities in the former Soviet Union. The agreement granted Ajinomoto the exclusive right to use the `765 patent, know how, technical documentation and strain for the production, use and/or sale of threonine using Genteika's method in the United States and Japan. *Id.*; PX 3 § 2.1(a).

In 1987, Licensintorg was succeeded by another Soviet government entity called Medexport. Licensintorg's rights and obligations under the license agreement were transferred to Medexport. A. 72a; PX 10.[3] In January 1991, the rights under the Ajinomoto agreements, including the `765 patent, were transferred from Medexport to the now-private Genetika. A. 72a-73a; PX 15. Effective May 14, 1991, Genetika assigned to Ajinomoto "all rights, title and interest" in the `765 patent. A. 73a; JX 4. Further, in October 1991 the 14 inventors executed an assignment directly to Ajinomoto, which was recorded with the U.S. Patent and Trademark Office ("PTO"). A. 71a n.27.

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[3] Ajinomoto's license agreement was amended twice, in December 1989 and December 1990. A. 72a; PX 6, 9. Under the December 1990 modification, Ajinomoto received exclusive rights worldwide, except for eleven specified countries. A. 72a; PX 9.

C. The Genetika/ABP License And ADM's Acquisition Of The Infringing Strains From ABP

In 1986, Licensintorg granted the Swedish company AC Biotechnics AB a *limited territorial* license to use Genetika threonine-producing strain G472T23(pYN7). A. 73a; JX 6. AC Biotechnics was succeeded by a company known as ABP. A. 73a. In recognition of Ajinomoto's exclusive U.S. rights, the agreement expressly prohibited production or sale of threonine in the United States and Japan using the licensed strains and technology. A. 73a.

In 1989, ADM commenced construction of a large plant in Decatur, Illinois for the production of the amino acids threonine, lysine and tryptophan. A. 77a. However, ADM did not possess a bacterial strain which was suitable for the commercial production of threonine. ADM would subsequently expend great effort to obtain such a strain, ultimately realizing that only the Genetika strains could satisfy its needs. Specifically, in the latter part of 1988, ADM conducted a literature search to identify institutions involved in amino acid research. During the search, ADM became aware of Genetika's '765 patent. A. 76a.

In November 1988, ADM traveled to Moscow hoping to acquire Genetika's amino acid producing technology. ADM concluded that Genetika had the "world's best organism for producing threonine." A. 76a-77a. In January 1990, ADM made the formal decision to enter the threonine market but still required a viable strain. ADM dispatched three of its employees to Moscow to obtain threonine-producing technology from Genetika. But ADM again was informed that Genetika could not provide the organism to ADM because the organism had been licensed to a Japanese company, which ADM deduced and later confirmed to be Ajinomoto. A. 78a.

Having failed to obtain a threonine-producing strain from Genetika, ADM attempted to acquire a threonine-producing strain from other sources, but no satisfactory strain could be procured. A. 79a. Nonetheless, ADM decided to pursue its efforts to obtain the Genetika strains through other, illicit channels. In June 1992, ADM contacted ABP for the purpose of negotiating the purchase of Genetika-derived threonine technology. A. 80a. Despite its knowledge that ABP had acquired Genetika's technology, in November 1992, ADM entered into an agreement with ABP for the acquisition of ABP's threonine technology. A. 80a-81a. In December 1992, ADM commenced commercial production of threonine at its Decatur plant using ABP-strain G472T23(pYN8). Production using that strain continued until approximately September 1994. A. 81a.

ADM requested that ABP make further bacterial strains by modifying the ABP plasmid. A. 82a. The microorganisms constructed in response to the request – G472T23(pYNSTOP) and G472T23(pYNTE2) – were used by ADM to produce threonine from May 1993 until February 1995 and February 1994 "until the present" (March 1998) respectively. A. 84a.[4] The basic utility of the three strains used by ADM is the same – the over production of threonine.

D. Ajinomoto's Infringement Suit

In 1994, Ajinomoto learned ADM was producing threonine using ABP's strains. A. 86a. The following year, Ajinomoto sued ADM for patent infringement in the U.S.

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[4] Only after the court issued its ruling did ADM inform the court and Ajinomoto, by way of a rule 59 motion to amend the judgment, that it allegedly began using a new strain, the so-called "culture 4", in November 1996 (except for a brief period in January 1997). A. 133a.

District Court for the District of Delaware. Trial began on October 28 and ended on November 11, 1996. On March 13, 1998, the trial court issued its ruling, finding in favor of Ajinomoto on the issues of infringement, validity and enforceability. A. 28a. The court ordered ADM to pay Ajinomoto damages for infringement in the amount of $1.23/kilogram of threonine sold by ADM from May 1993. A. 131a. On March 27, 1998, ADM moved to amend the March 13 decision under Fed. R. Civ. P. 59(e) to limit the damages period. On October 7, 1998, the trial court denied ADM's motion. A. 132a. On October 7, 1998, a permanent injunction was entered against ADM, and on December 18, 1998, a final judgment in the amount of $24,363,308 was entered. A. 135a-36a.

ADM appealed the trial court's decision on the issues of infringement, enablement, best mode, standing, signatures and damages. Ajinomoto cross-appealed the trial court's decision on willful infringement. On October 3, 2000, the U.S. Court of Appeals for the Federal Circuit affirmed the judgment below, with a minor modification of the damages period. A. 1a. ADM's petition for rehearing and rehearing *en banc* was denied on November 14, 2000. A. 25a.

1. Ajinomoto's Standing

In its post-trial brief, ADM for the first time challenged Ajinomoto's standing to sue for infringement of the `765 patent. The district court considered the question in light of the information in the record and determined that the Soviet government owned the Genetika invention and that Licensintorg, the Soviet government's technology licensing agency, had the right to grant a license to Ajinomoto. A. 87a-88a. The court explained that "even though the Inventors' Certificate was issued in the names of the inventors, according to Soviet law, the invention became the property of the Soviet government." A. 88a. In 1991, the

Russian state returned patent ownership and any license agreements to the various entities from which they originated. A. 72a-73a. In May 1991, Genetika assigned the `765 patent to Ajinomoto, and additionally in October 1991 the inventors executed an assignment directly to Ajinomoto, which was formally recorded with the PTO. A. 71a n.27, 73a. The district court found the evidence in the record sufficient to establish Ajinomoto's ownership of the `765 patent and its standing to sue for infringement. A. 88a-89a.

The U.S. Court of Appeals for the Federal Circuit held that Ajinomoto had standing to sue ADM for patent infringement. A. 5a-7a. Although neither Ajinomoto nor the district court was sufficiently put on notice that standing was a contested issue, standing was established by the evidence of record. The Federal Circuit ruled that "[i]t is well established that the holder of all substantial patent rights, by assignment or by exclusive license, has standing to sue for infringement in its own name." A. 6a. Because Ajinomoto's complaint alleged standing, and the record before the district court identified the chain of title of the `765 patent to Ajinomoto, and ADM failed to present any evidence disputing Ajinomoto's rights, the Federal Circuit affirmed the district court's ruling that Ajinomoto had standing to sue for infringement of the `765 patent. A. 6a-7a.

2. Damages

ADM does not dispute the awarded royalty rate of $1.23/kg, but disputes that it must pay damages on threonine sold after November 1996. Instead, ADM alleges that two days before the start of the trial, it began using a new strain (identified only as "culture 4") to produce threonine. A. 132a. However, ADM provided no support for its allegation and never disclosed, to Ajinomoto or the district court, its alleged switch to culture 4. ADM alleges that it continued to

use the so-called culture 4 with only brief interruption until the date of judgment. A. 132a-133a.

The record is undisputed that the *first* time ADM told the district court or Ajinomoto that it was using culture 4 was in its motion to amend the court's March 13, 1998 ruling finding that ADM infringed the '765 patent. During discovery in the case, ADM stated that it was using the ABP strains and identified the specific strain used as being G472T23(pYNTE2). A. 22a; Joint Appendix filed with the U.S. Court of Appeals for the Federal Circuit ("JA") at A1978. In a supplemental interrogatory response, ADM stated that it "has used the strain identified as G472-T23/pYNTE2 since approximately February 28, 1994." JA at A11689.

In a joint pre-trial statement of stipulated facts, ADM stated that it had not used any strains other than those it obtained from ABP. A. 22a. ADM expressly stated in that pretrial stipulation that "ADM used the strain G472-T23(pYNTE2) in its commercial production of threonine from February 28, 1994 *to the present*" and "ADM is *currently* using the strain G472-T23(pYNTE2) in its commercial production of threonine." JA at A1125 (emphasis added). ADM made no correction of these affirmative representations before the district court's judgment in March 1998. A. 22a.

During trial, the evidence submitted by ADM unequivocally demonstrated that the only strain ADM was "currently" or "to the present" employing to produce threonine was G472T23(pYNTE2). *Id.* Indeed, ADM's group leader of amino acid fermentation – who testified he was familiar with the strains used by the company to make threonine – testified on November 4, 1996 that "[c]urrently" the G472T23(pYNTE2) strain was being "used today" by ADM. A. 133a; Trial Transcript at 826, 828-29. The district

court later characterized that testimony as being "technically correct, albeit misleading" as to ADM's production. A. 133a.

The record also shows that ADM sought to keep the facts surrounding culture 4 secret from Ajinomoto and the trial court. On May 24, 1996, ADM moved for a protective order precluding Ajinomoto from obtaining discovery on ADM's "current threonine research and development activities" as opposed to its "current commercial threonine production." A. 132a; D.I. 131. The district court granted the motion. A. 132a; D.I. 278.

Based on the record before it, the district court ruled on March 13, 1998 that "Ajinomoto is entitled to money damages to be calculated based upon a royalty rate of $1.23/kg of threonine sold by ADM since May 1993 . . . ." A. 131a. On March 27, 1998, ADM moved to amend the judgment under Fed. R. Civ. P. 59(e), alleging that there was no evidentiary basis for the court's award of damages for most of the sales after the trial ended. D.I. 338

On October 7, 1998, the district court denied ADM's motion to amend. A. 132a-34a. The court found that ADM did not inform the court of its alleged discontinued use of the infringing strain G472T23(pYNTE2) in November 1996 until after judgment was rendered. The court further found that the only evidence before the court at the time judgment was entered was that ADM was using the G472T23(pYNTE2) strain to commercially produce threonine. ADM gave no hint that a change was planned for the next day. The court commented on the "fine distinctions" in ADM's carefully crafted testimony, found that only ADM was privy to any alleged additional information, and that ADM chose not to correct the record it created until after judgment had been rendered against it. Based on these particularized facts, the district court

exercised its discretion and declined to amend the judgment in part because, by ADM's own admission, this allegedly "new" information was available to ADM before and during the trial.

The Court of Appeals reviewed the district court's denial of a motion to amend the judgment under an abuse of discretion standard, and noted that review is plenary if the district court based its decision on an error of law. A. 20a. The Court of Appeals ruled that a district court has broad discretion in deciding whether to re-open a case after the entry of judgment. A. 20a-21a. A proper motion to amend requires the movant to show: (1) an intervening change in controlling law; (2) the availability of new evidence, not previously available; or (3) the need to correct clear legal error or prevent manifest injustice. A. 21a.

Applying these three grounds, there was no intervening change of law. A. 21a. The evidence that ADM had changed to an assertedly non-infringing culture for producing threonine was not new or unavailable to ADM before entry of judgment. Nor was there a need to correct a clear error of law or prevent manifest injustice. Only ADM – not Ajinomoto or the district court – was privy to the alleged fact that ADM switched its production at the end of trial. It was ADM's decision not to provide information about this alleged change until after judgment was rendered, and indeed to provide explicit testimony that it was using the old strain. ADM offered no explanation of its silence, and rather argued that there was no evidence that ADM was using the ABP strains to produce threonine "at the present time." The Federal Circuit therefore found that, on the facts

before the district court, abuse of discretion was not shown. A. 23a.[5]

REASONS FOR DENYING THE PETITION

ADM seeks certiorari on the issues of standing and damages because they are purportedly "important." Pet. at 11, 18-19. While the final decision in this case is surely a matter of importance to the parties, that is not a proper basis on which to grant certiorari and expend the limited and important resources of this Court.[6] ADM seeks certiorari in a case in which the courts below, including the Court of Appeals for the Federal Circuit,[7] applied established law to a

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[5] Further, showing that it carefully considered ADM's arguments, the Court of Appeals held that the district court erred by including in the measure of damages the product sold during the period between entry of judgment and the filing of the motion to amend. ADM's post-judgment motion reasonably placed at issue ADM's infringement after the date of judgment. The Court modified the damages award to the extent that sales after March 13, 1998 would not be included in ADM's royalty obligation to Ajinomoto. A. 23a-24a.

[6] Granting certiorari is not appropriate where "the question was of importance merely to the litigants and did not present an issue of immediate public significance." *Rice v. Sioux City Memorial Park Cemetery, Inc.*, 349 U.S. 70, 79 (1955). *See also Layne & Bowler Corp. v. Western Well Works, Inc.*, 261 U.S. 387, 393 (1923) (patent case) ("it is very important that we be consistent in not granting the writ of certiorari except in cases involving principles the settlement of which is of importance to the public as distinguished from that of the parties....").

[7] The Federal Circuit is the specialized tribunal designated by Congress to provide nationwide uniform rulings in patent matters. 28 U.S.C. § 1295(a)(1). Congress created that court to provide a "new forum for the definitive adjudication of selected categories of cases." Sen. Rept. No. 275, 97th Cong., 1st Sess. 3 (1981). The court was intended to provide "increased stability in the patent law by channelling appeals in those

unique factual and procedural setting. This case does not present legal issues of broad applicability that need to be decided by this Court. Simply put, "the Court does not have time to give full consideration to all cases which present novel or interesting issues. It must confine itself to those which reflect the more important legal problems within the realm of its jurisdiction. And the problem, though intrinsically important, must be 'beyond the academic or the episodic.'" R. Stern, E. Gressman, and S. Shapiro, *supra*, § 4.11 at 212, quoting *Rice*, 349 U.S. at 74. *See also Ross v. Moffitt*, 417 U.S. 600, 617 (1974) (certiorari grant "depends on numerous factors other than the perceived correctness of the judgment we are asked to review."); *United States v. Johnston*, 268 U.S. 220, 227 (1925) ("We do not grant a certiorari to review evidence and discuss specific facts.").

Further, the decisions below on the issues of standing and damages were correct and not erroneous. There were ample facts for the district court and the Federal Circuit to conclude that Ajinomoto had standing to sue ADM for patent infringement. Similarly the record shows that the district court did not abuse its discretion by denying ADM's rule 59(e) motion to amend the judgment to modify the damages period.

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cases to a single forum." *Id.* at 7. Thus, "the Supreme Court can be expected to give substantial weight to the views of the Federal Circuit in determining whether to grant certiorari." R. Stern, E. Gressman, and S. Shapiro, SUPREME COURT PRACTICE § 4.21 at 228.

I. The Decision That Ajinomoto Had Standing To Sue For Patent Infringement Was Based On The Unique Fact Pattern Of This Case, Was Correct And Was Not Clearly Erroneous.

A. The Fact Pattern For Standing In This Case Was Unique.

The standing issue in this case – as evinced by the detailed analysis in the opinions below (A. 5a-7a, 86a-89a) – is fact-intensive, and essentially involves showing a chain of title through the different political incarnations of the Soviet Union. The record shows that the lower courts gave proper consideration to U.S. patent law, applied the facts, and found that standing existed. This case does not present the kind of broad-based issues that warrant consideration by the Supreme Court.

ADM's petition is based on the incorrect assertion that the courts below ignored pertinent provisions of the Patent Act in finding that standing existed. Pet. at 12-18. A civil action for patent infringement may be brought by a "patentee," which "includes not only the patentee to whom the patent was issued but also the successors in title to the patentee." 35 U.S.C. § 100(d), 281 (A. 137a-38a). Under the Act, patents or an interest therein "shall be assignable in law by an instrument in writing." *Id.* § 261 (A. 139a-40a). Further, patents have "the attributes of personal property." *Id.* The Federal Circuit has applied these provisions in several recent cases involving standing issues. *See, e.g., Mentor H/S, Inc. v. Medical Device Alliance, Inc.*, 240 F.3d 1016, 1017 (Fed. Cir. 2001); *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F. 3d 1372, 1377 (Fed. Cir. 2000); *Textile Prods., Inc. v. Mead Corp.*, 134 F.3d 1481, 1483-84 (Fed. Cir.), *cert. denied*, 525 U.S. 826 (1998); *Ortho Pharmaceutical Corp. v. Genetics Institute, Inc.*, 52 F.3d 1026, 1030 (Fed. Cir.), *cert. denied*, 516 U.S. 907 (1995).

Under the statute, a party with legal title to the patent at the time of infringement has standing to sue for infringement. *See, e.g., Moore v. Marsh*, 74 U.S. (7 Wall.) 515, 522 (1869) ("the right of action is given to the person or persons owning the exclusive right at the time the infringement is committed."); *Prima Tek II, L.L.C.*, 222 F.3d at 1377 ("where the patentee makes an assignment of all substantial rights under the patent, the assignee may be deemed the effective 'patentee' under 35 U.S.C. § 281 and thus may have standing to maintain an infringement suit in its own name."); *Ortho Pharmaceutical Corp.*, 52 F.3d at 1030 (accord); *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 875 (Fed. Cir. 1991) (accord); *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1579 (Fed. Cir. 1991) ("The general rule is that one seeking to recover money damages for infringement of a United States patent . . . must have held the legal title to the patent during the time of infringement."). Also, an exclusive licensee who has "all substantial rights" under the patent has standing to sue for infringement. *See, e.g., Mentor H/S, Inc.*, 240 F.3d at 1017; *Textile Productions, Inc.*, 134 F.3d at 1484.

The fundamental test for standing in a patent infringement case has been previously elucidated by this Court and the Federal Circuit and there is no important need for this Court to consider to further clarify or define the law. The courts below did not make new law. They properly applied the well-established law of patent infringement standing. As the district court held, "if Ajinomoto can prove that it was the assignee of the '765 patent at the time suit was filed, Ajinomoto has standing to sue for patent infringement." A. 87a. The ruling that Ajinomoto had standing was based on an application of this law to the particularized facts of the case. The Federal Circuit carefully

reviewed the district court's application of fact to established law and found no error. A. 5a-7a.

The facts show that Ajinomoto owned the rights, title and interest to the patent in issue. The `765 patent was issued to the 14 Soviet inventors. The district court found that the invention was made in the course of the inventors' employment at Genetika, then a Soviet government entity. According to Soviet law, which ADM did not dispute below, the '765 patent was the property of the Soviet government. A. 87a-88a. Moreover, in 1991, all rights under the '765 patent were transferred from the Soviet government to the now private Genetika. A. 72a-73a; PX 15. Genetika then assigned "all rights, title and interest" in the '765 patent to Ajinomoto. A. 73a; JX 4. The court also found that an assignment from the 14 inventors directly to Ajinomoto was filed with the PTO. A. 71a n.27.

Thus, Ajinomoto secured patent rights from every possible successor to the patent in the new Russia, including Genetika – the institution that actually inherited the `765 patent from the Soviet state. Because the "chain of title evidenced in the record is complete," Ajinomoto was a proper plaintiff under the Patent Act. A. 89a.

In an attempt to create a legal issue appropriate for certiorari, ADM mischaracterizes these findings as the Federal Circuit supplanting U.S. patent law with foreign patent law. Pet. at 11. The lower courts, however, specifically used U.S. patent law in determining the validity of the assignments. A. 6a. Under the Act, patents "have the attributes of personal property." 35 U.S.C. § 261 (A. 139a). This Court long ago recognized that a "patent right is incorporeal property[.]" *Waterman v. Mackenzie*, 138 U.S. 252, 260 (1891). *See also FilmTec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1572 (Fed. Cir. 1991) (under § 261, "patents today have the attributes of personal property.").

The Federal Circuit referenced Soviet *property* law in order to determine who owned the patent rights. It found that a written transfer of patent rights from the inventors to the Soviet state was unnecessary because the inventors were employed at Genetika, a Soviet institution, and they made the invention in the course of their employment. A. 5a-6a. Individuals were incapable of obtaining exclusive property rights in the Soviet Union.[8]

This is not the first case in which a court has applied non-patent law to resolve issues of standing in a patent infringement case. This Court long ago cited New York law in connection with the validity of a deed of assignment of a patent. *Waterman v. Mackenzie*, 138 U.S. at 257. In *Intel Corp. v. U.S. Int'l Trade Com'n*, 946 F.2d 821, 826-28 (Fed. Cir. 1991), a party claimed that computer products made by Sanyo were not infringing because of a broad cross-license between Intel and Sanyo. The Federal Circuit interpreted that cross-licensing provision under state law. *See also Ortho Pharmaceutical Corp.*, 52 F.3d at 1033 (patent license could be implied under state law).

ADM's petition also ignores the decision of the Federal Circuit in *FilmTec Corp. v. Allied-Signal Inc.*, 939 F.2d at 1572, which held that transfer of title to a patent may occur by operation of law. In that case, a patent application

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[8] "Soviet domestic legal practice did not confer exclusive property rights to individuals. ... The state also monopolized control over the use of Soviet inventions outside the U.S.S.R. by entering into licensing agreements for the exploitation of inventions abroad and by fulfilling various preparatory tasks for such exploitation, such as patent applications and patent litigation." Andrew Baev, *Recent Changes in Russian Intellectual Property Law And Their Effect Upon The Protection Of Intellectual Property Rights In Russia*, 19 Suffolk Transnat'l L. Rev. 361, 364-367 (1996) (hereinafter "Baev Article").

involving reverse osmosis membranes was filed by John Cadotte in February 1979. Cadotte previously was employed by Midwest Research Institute (MRI), a government contractor. The contract between MRI and the government granted the government title to any invention made in the course of performing its research work for the government. Cadotte assigned his rights in the patent application and any issuing patent to FilmTech Corp. FilmTec subsequently sued Allied-Signal, Inc. for patent infringement. Allied-Signal defended on the ground that FilmTec did not have title to the patent. The Federal Circuit remanded the case for further fact finding on the issue of whether Cadotte's invention was actually made during his work for MRI. If so, the government held title to the invention and the resulting patent and Cadotte's assignment to FilmTec would be invalid. The Federal Circuit ruled that:

> [T]he contract between MRI and the Government did not merely obligate MRI to grant future rights, but expressly granted to the Government MRI's rights in any future invention. Ordinarily, no further act would be required once an invention came into being; *the transfer of title would occur by operation of law*. If a similar contract provision existed between Cadotte and MRI, as MRI's contract with the Government required, and if the invention was made before Cadotte left MRI's employ, as the trial judge seems to suggest, Cadotte would have no rights in the invention or any ensuing patent to assign to FilmTec.

Id. at 1573 (footnote omitted) (emphasis added).[9]

Both in *FilmTec* and in this case, the Federal Circuit held that title to a patent could be properly transferred by operation of law. In *FilmTec*, as noted, the assignment occurred by operation of contract law. In this case, the Federal Circuit held that the transfer of rights in the '765 patent occurred by operation of Soviet property law. Thus, the court with exclusive appellate jurisdiction in patent cases again held that transfer of title to a patent can occur by operation of law. There is no reason to grant certiorari and disturb those rulings.

As evidenced by its opinion, the Federal Circuit did not use foreign law to supplant U.S. patent law. The court merely referenced Russian law to determine a *property* issue: ownership. This is quite different from the situations in the cases ADM cites in support of its argument. Pet. at 18. In those cases, the parties attempted to use foreign standards to define the scope of a U.S. patent. *In re Dulberg*, 472 F.2d 1394, 1398 (C.C.P.A. 1973) (whether an invention is novel enough to receive a patent in one country has no bearing on the issue of novelty in the U.S.); *In re Larsen*, 292 F.2d 531, 533 (C.C.P.A. 1961) (patent confined to certain organic compounds, and not the process that created them, and the allowance of similar process claims in Canada and Great Britain has no bearing on this issue), *cert. denied*, 370 U.S.

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[9] In a subsequent case involving the same issue, the Federal Circuit held that Cadotte conceived of the patented invention while at MRI and that the government, not FilmTec, owned the patent by operation of law. *FilmTec Corp. v. Hydranautics*, 982 F.2d 1546 (Fed. Cir. 1992), *cert. denied*, 510 U.S. 824 (1993). *See also FilmTec Corp. v. Allied-Signal Inc.*, 1993 WL 2309 (Fed. Cir. Jan. 7, 1993) (unpublished decision).

936 (1962); *Griffin v. Keystone Mushroom Farm, Inc.*, 453 F. Supp. 1283, 1287 (E.D. Pa. 1978) (importing an infringing article from a country where its sale is authorized does not immunize its U.S. usage and sale).

Here, in sharp contrast to the facts in the cases ADM relies upon, the validity of the '765 patent and the transfer of rights under that patent were determined under U.S. patent law. Foreign law was only referenced to the extent that it determined who owned the patent. There is nothing novel about this approach that requires intervention by this Court.

ADM complains that the assignment from the inventors to Ajinomoto was never formally entered into evidence. Again, this is an issue resolved on the peculiar facts and circumstances of this case and does not raise important and broad-based questions that this Court needs to resolve. The district court and the Federal Circuit held that ADM was estopped from objecting that the recorded assignment was not entered into evidence because ADM raised the standing issue tardily, effectively preventing Ajinomoto from entering the assignment into evidence. Perhaps more significantly, the assignment is a public record of the PTO and its existence is not disputed. A. 6.a. In this case, ADM took uncontroverted facts, challenged those facts after trial, and demanded that Ajinomoto come forward with more evidence. The Supreme Court does not grant certiorari "for corrections of errors in fact finding," especially where there are "concurrent findings of fact by two courts below." *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 336 U.S. 271, 275 (1949).

B. The Courts Below Correctly Ruled That Ajinomoto Had Standing To Enforce The '765 Patent.

Certiorari is also unnecessary in this case because there was no error below. To prevail, ADM would have to prove that Ajinomoto lacked standing because Genetika did not own the patent and thus could not transfer its rights to Ajinomoto. This poses an impossible task because: (1) the only evidence in the record proves Genetika owned the patent, and (2) no one else is claiming ownership of the patent. Usually, the validity of assignments is challenged by parties that claim they have an ownership right in the contested patent. *E.g.*, *FilmTec Corp.*, 939 F.2d 1568.

That is not the case here. Rather, ADM is trying to cast confusion on a chain of title that no one with any potential ownership interest contests. Ajinomoto had an exclusive license from the owner of the patent: the Soviet state. When that owner ceased to exist, Ajinomoto responded by obtaining an assignment from every possible successor in interest to the patent. At trial, Ajinomoto proved that Genetika was the actual successor in interest to the patent and that Genetika assigned its rights to Ajinomoto. Moreover, this written assignment was valid under the Patent Act. There was a separate assignment from the inventors, not because the inventors owned the patent, but because Ajinomoto was trying to be extremely cautious given possible confusion engendered by the dismantaling of the U.S.S.R.[10] That written assignment was recorded in the PTO. Ajinomoto thus obtained an assignment from every possible inheritor of the patent.

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[10] Indeed, in 1979 the Soviet inventors were incapable of owning a patent issued in the United States. *See* Baev Article at 364.

ADM concedes, as it must, that the successor in title to the patentee has standing to sue for infringement of a U.S. patent. Pet. at 12 (citing 35 U.S.C. § 281). For successors in title, there is a requirement that an assignment be in writing. *Id.* These requirements were fully satisfied in this case. Ajinomoto is a successor in title to the `765 patent. The written licenses and assignments from Licensitorg and Genetika to Ajinomoto readily satisfy the requirements of section 281. The July 21, 1982 license agreement between Licensitorg and Ajinomoto provided Ajinomoto with the exclusive right to use the '765 patent, know how, technical documentation and strain for the production and sale of threonine in the United States and Japan. A. 72a; PX 3. Licensitorg's rights and obligations under that agreement were transferred to another Soviet entity, Medexport. A. 72a; PX 10. In January 1991, Medexport's rights and obligations were transferred to Genetika. A. 72a-73a; PX 15. Effective as of May 14, 1991, Genetika assigned to Ajinomoto "all rights, title and interest" in the '765 patent. A. 73a; JX 4. Under these written agreements, Ajinomoto plainly had standing to sue for infringement under United States patent law.

It is also beyond dispute there was a written assignment from the individual inventors of the `765 patent directly to Ajinomoto. Without citing any authority, ADM argues that standing could not be established by an assignment that was not in evidence. Pet. at 7 n.2. A court, however, may take judicial notice of the written assignment, which the Federal Circuit found existed and was a public

record of the PTO (A. 6a).[11] The inventors certificate gave the inventors certain rights regarding their invention within the Soviet Union. The inventors assigned these rights to Ajinomoto with a written assignment that is recorded at the PTO. Thus, even if a court found, as ADM assumes, that the inventors somehow owned the `765 patent, their rights under that patent were assigned to Ajinomoto and provided Ajinomoto with standing in a manner that comports with U.S. law.

In upholding the assignment, the Federal Circuit noted that "a challenge to standing, after standing has been prima facie established, requires some degree of plausibility." A. 6a. Ajinomoto's complaint contained an appropriate statement of its standing and the record before the court established the chain of title. "ADM presented no evidence to impugn the prima facie effectiveness of these documents to transfer patent rights." A. 7a. There was no error. Ajinomoto had standing as the owner of `765 patent to sue ADM for infringement. Accordingly, certiorari as to the standing issue should be denied.

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[11] *See, e.g., Hoganas AB v. Dresser Indus., Inc.*, 9 F.3d 948, 954 n.27 (Fed. Cir. 1993) (Federal Circuit took judicial notice of a patent that was not part of the appellate record); *Standard Havens Products, Inc. v. Gencor Indus., Inc.*, 897 F.2d 511, 514 n.3 (Fed. Cir. 1990) (Federal Circuit took judicial notice of a letter in a PTO file), *cert. denied*, 506 U.S. 817 (1992); *Vitek Systems, Inc. v. Abbott Labs.*, 675 F.2d 190, 192 n.4 (8th Cir. 1982) (while trademark registrations were not introduced at trial, the Court of Appeals could "take judicial notice of Patent and Trademark Office documents."); *Welcome Co. v. Harriet Carter Gifts, Inc.*, 50 U.S.P.Q.2d 1132, 1135 n.2 (C.D. Cal. 1998) (court took judicial notice of PTO notice of recordation of assignment of patent). *Cf. Massachusetts v. Westcott*, 431 U.S. 322, 323 n.2 (1977) (public records may be judicially noticed).

II. The District Court's Denial Of ADM's Motion To Amend The Damages Period Was Case Specific And Was Correct.

ADM also seeks certiorari to review the district court's denial of a Federal Rule of Civil Procedure 59(e) motion to amend the damages award entered on March 13, 1998. After trial and post-trial briefing, the district court entered its judgment and damages award, finding that ADM had infringed the '765 patent by using certain strains of genetically modified bacteria to produce the amino acid threonine. The damages award was calculated in the customary fashion by applying a reasonable royalty rate to ADM's threonine sales. Thus, ADM was assessed a $1.23/kg royalty rate to the threonine it sold during the time period between the date infringement began, May 1993, and the date of the judgment, March 13, 1998. A. 120a-31a.[12] Whether the district court abused its discretion in determining the duration of the damages award period is the narrow question ADM presents in its certiorari petition. Not only is that issue not worthy of granting certiorari, the Federal Circuit's holding that the district court did not abuse its discretion is correct.

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[12] The damages awarded to Ajinomoto by the courts below were based on 35 U.S.C. § 284 (A. 141a), which provides, in relevant part, that: "Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court." The "overriding purpose" of section 284 is to afford patent owners "complete compensation." *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 655 (1983). ADM does not challenge the royalty rate but only the period for which damages are due.

ADM challenged the district court's determination of the damages award period in a rule 59(e) motion to amend the judgment. ADM urged that damages should not have been assessed for the time between the completion of the trial and the date of the judgment because ADM supposedly had ceased to sell threonine using the strain produced by the infringing method the day following the trial. A. 133a. The rule 59(e) motion was the first instance in which ADM informed the district court and Ajinomoto that it allegedly had discontinued using the infringing strain and had commenced using culture 4 to produce threonine, which ADM claimed to be non-infringing. This previously undisclosed information was directly contrary to the information ADM had presented to the trial court, which was that ADM had been and was continuing to use the infringing strain.

The district court denied ADM's motion. A. 132a-34a. It concluded that its determination of the damages award period was based on evidence presented to the court by ADM, that it had used and was continuing to use the infringing strain. Further, the district court noted ADM's failure to disclose to the court its supposed discontinuation of the infringing method for threonine production until after the entry of the judgment, "apparently determining [that] its discontinuation of G472T23(pYNTE2) [the infringing strain] in the commercial production of threonine to be insignificant or irrelevant information[.]" A. 133a.

ADM asserted in its rule 59(e) motion that there was no evidentiary basis for a conclusion that ADM used the infringing strain until the time judgment was entered. A. 133a. However, as the district court found, the *only* record evidence was that ADM used and was continuing to use the infringing method to produce threonine. Indeed, ADM affirmatively represented this to be so to the trial court and to Ajinomoto at least four times.

First, during discovery, Ajinomoto requested under rule 36, that ADM "[a]dmit that ADM is currently using the strain identified as G472-T23/pYNTE2 in its commercial production of threonine." ADM so admitted. A. 22a; JA at A1978. Rule 36 states, in relevant part, that "[a]ny matter admitted under this rule is conclusively established unless the court on motion permits withdrawal or amendment of the admission . . . ." At no time did ADM seek to withdraw or amend its admission.

Second, in a supplemental response to an Ajinomoto interrogatory, ADM stated that it was presently using GT472T23(pYNTE2) for the commercial production of threonine. JA at A11689. Again, at no time prior to the entry of judgment did ADM notify Ajinomoto or the district court that its answer had materially changed.

Third, in a joint pretrial statement of stipulated facts, ADM again affirmatively represented to the court and Ajinomoto that it had used GT472T23(pYNTE2) "until the present," that it was "currently using" that strain, and that it had not used any strains "other than those it had obtained from ABP" in the commercial production of threonine. A. 22a; JA at 1125.

Fourth, at trial, ADM's "group leader in amino acid fermentations," Steven Stoddard, testified on direct examination that his duties included the development and the characterization and discovery of new strains to use in fermentation processes. ADM further established on direct examination that Stoddard was knowledgeable concerning each strain ADM had used to make threonine. ADM's counsel specifically asked him on direct examination "[w]hat are the names of these strains?" Stoddard replied: "[t]hey are ... G472T23(pYN8), G472T23 (pYNSTOP) as we referred to it G472T23 (pYNTE2)." Stoddard then was

asked, "[n]ow, which of those strains are being used today?" He replied: "Currently, the TE2 strain." Trial Transcript at 826, 828-29.

It is also significant that ADM successfully precluded Ajinomoto from obtaining any pretrial discovery regarding ADM's research and development activities, which would have revealed ADM's research on and potential use of culture 4. On May 24, 1996, ADM moved for a protective order precluding Ajinomoto from obtaining discovery on ADM's "current threonine research and development activities" as opposed to its "current commercial threonine production." A. 132a; DI 131. The district court granted the motion. A. 132a; DI 278. The practical effect of the protective order that was granted at ADM's insistence was that ADM could cover up facts pertaining to the alleged development and potential use of culture 4.

ADM claims that it was never on notice that it had a duty to inform the district court that it allegedly began using culture 4 to produce threonine. Pet. at 22. However, ADM did have such notice. Rule 26(e)(2), by its terms, imposes a continuing obligation to supplement discovery responses. Courts regularly exclude from consideration relevant evidence that was not disclosed by timely supplemented responses. *See, e.g., Fusco v. General Motors Corp.*, 11 F.3d 259 (1st Cir. 1993); *Labadie Coal Co. v. Black*, 672 F.2d 92 (D.C. Cir. 1982); *Havenfield Corp. v. H & R Block, Inc.*, 509 F.2d 1263 (8th Cir.), *cert. denied*, 421 U.S. 999 (1975); *Arche, Inc. v. Azaleia, U.S.A., Inc.*, 882 F. Supp. 334 (S.D.N.Y. 1995). Further, the obligation to supplement a discovery response does not end with the start of trial. *See, e.g., Weiss v. Chrysler Motors Corp.*, 515 F.2d 449, 457 (2d Cir. 1975).

Here, the only disclosures ADM made to Ajinomoto and the district court in discovery, stipulated facts, and trial

testimony was that ADM was using the infringing strain. Under rule 26(e)(2), ADM had a duty to correct those responses when it supposedly switched to using culture 4 because its prior responses were in a "material respect incomplete or incorrect" and the "additional or corrective information has not otherwise been made known to the other parties during the discovery process or in writing."

Accordingly, the trial court committed no error in finding that the record showed that ADM had used the infringing strain "until the present" because that is precisely what ADM represented and intended both the trial court and Ajinomoto to believe. "[T]he evidence before the court at the time the judgment was rendered fully supported the court's assessment of damages." A. 22a.

The district court was well within its discretion to refuse to amend the damages award based on ADM's assertion that a different damages award period should have been used, an issue which ADM raised for the first time after the judgment had been entered. Reconsideration of a judgment after its entry is an extraordinary remedy which should be used sparingly. *See* 11 C. Wright, A. Miller and M. Kane, FEDERAL PRACTICE AND PROCEDURE § 2810.1 at 124 (1995). A rule 59(e) motion to amend a judgment must rely on one of three grounds. These are: (1) an intervening change in controlling law; (2) the availability of new evidence not available previously; or (3) the need to correct a clear error of law or prevent manifest injustice. *See, e.g., North River Ins. Co. v. CIGNA Reins. Co.*, 52 F.3d 1194, 1218 (3d Cir. 1995); *Max's Seafood Café by Lou-Ann, Inc. v. Quinteros*, 176 F.3d 669, 677 (3d Cir. 1999).[13] The denial of

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[13] The law of the circuit where the district court sits (here, the Third Circuit) governs as to procedural issues not within the exclusive

a motion to amend is reviewed for abuse of discretion, except that review is plenary if the denial is based on an error of law. *See, e.g., A. 6a (citing cases); North River Ins. Co.*, 52 F.3d at 1218; *Koshatka v. Philadelphia Newspapers, Inc.*, 762 F.2d 329, 333 (3d Cir. 1985).

None of these grounds was present here and, accordingly, it was entirely appropriate for the district court to deny ADM's rule 59(e) motion. As set forth by the Federal Circuit – and not disputed by ADM – "[t]here was clearly no intervening change in law." A. 21a. As to the second ground, the evidence that "ADM had changed to an assertedly non-infringing culture for producing threonine" was neither "new" nor "not available previously." The Third Circuit has taken a "dim view of issues raised for the first time in post-judgment motions." *Kiewit Eastern Co., Inc. v. L & R. Constr. Co., Inc.*, 44 F.3d 1194, 1204 (3d Cir. 1995). It routinely has rejected arguments to amend a judgment based on evidence raised for the first time in a rule 59 motion absent an adequate explanation for not presenting the evidence previously. *See e.g., Pavlik v. Lane Ltd./Tobacco Exporters International*, 135 F.3d 876, 882 n.2 (3d Cir. 1998) (refusing to consider previously available affidavit on motion for reconsideration); *Harsco Corp. v. Zlotnicki*, 779 F.2d 906, 909 (3d Cir. 1985) (affirming district court's refusal to consider affidavit containing evidence available prior to initial motion for reconsideration), *cert. denied*, 476 U.S. 1171 (1986).

If ADM is to be believed, it obviously had full knowledge that it had stopped using the infringing strain (GT472T23(pYNTE2)) to produce threonine and

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jurisdiction of the Federal Circuit. *See* A. 21a; *Union Pacific Resources Co. v. Chesapeake Energy Corp.*, 236 F.3d 684, 693 (Fed. Cir. 2001).

intentionally withheld that information from both the district court and Ajinomoto. "ADM offered no explanation of its silence." A. 22a. Because the evidence presented in support of its rule 59(e) motion to amend the judgment was neither new nor previously unavailable, ADM was not entitled to the requested amendment, and the district court acted properly to deny the motion.

As to the third ground for amending the judgment, ADM has failed to demonstrate that an amendment to the judgment is necessary to prevent "manifest injustice" or to correct a "clear error" of law. ADM is in no position to argue that the district court's failure to amend the judgment will yield a manifest injustice when it was ADM's own decision to withhold the information from both the district court and Ajinomoto about the strain it was using or intended to use to produce threonine. Thus, any purported "injustice" that may have occurred was the direct result of ADM's own strategic choice to provide misleading testimony and to withhold the information from both the court and Ajinomoto. *See Kelly v. Matlack, Inc.*, 903 F.2d 978, 985-86 (3d Cir. 1990) (district court's denial of motion to amend the judgment where award allegedly resulted from erroneous calculation did not constitute an abuse of discretion where damages award was based on evidence appellant herself presented at trial).[14]

Finally, an amendment was not necessary to prevent a "clear error" of law. Section 284 of the Patent Act, 35 U.S.C. § 284, provides, in pertinent part, that "the court shall

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[14] For the same reason, ADM's suggestion that this Court should exercise its supervisory power as to the damages period is unavailing. Pet. at 22-24.

award the claimant damages adequate to compensate for the infringement." The court did exactly that – it calculated damages to adequately compensate the injured party for the infringement based on the evidence with which it was presented at trial. Nothing in the plain language of the statute, its legislative history or case law addressing this provision leads to the conclusion that it is error for a district court to determine damages in a patent infringement suit based on the evidence with which it is presented.

ADM's petition to review the district court's denial of ADM's motion to amend the judgment and its affirmance in large part by the Federal Circuit should be denied.

CONCLUSION

For the foregoing reasons, ADM's petition for a writ of certiorari should be denied.

Respectfully submitted,

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